Meet Membership Mike

Lessons

- Enrollment
- TMRS Basics
- Service Credit
- Beneficiaries
- USERRA
- Updated Service Credit (USC)
Membership Mike

- New hire
- 25 years old
- Single, no children
- Just honorably discharged from Marines after 4 years of active military service
- Lives with his Mom
Mandatory Enrollment

1. Employees must join TMRS if they are employed in a permanent position that normally requires 1,000 hours of work in a calendar year.

2. City determines eligibility based on the 1,000-hour rule.

3. Seasonal, contract, temporary employees and volunteer firefighters are NOT eligible.

NOTE – Timing of severance pay for a retiring employee may affect its inclusion in TMRS-eligible compensation, especially if the payment schedule extends beyond the employee’s retirement date. Please contact TMRS if you have questions about a specific severance pay arrangement.
How Does a Member Enroll?

- The best way to enroll members is online using the City Portal!
- Be sure to include the member’s email address for future emails from TMRS
- If your city is not yet on the City Portal, use a **New Member Form** (English or Spanish)
  - Mail or securely upload (through the City Portal) the form to TMRS right away (do not “sit” on forms)

**NOTE** – When enrolling members online, encourage new employees to register for MyTMRS® and designate their beneficiary.
Beneficiary Designation

- Members can designate or change a beneficiary online through MyTMRS® (if spousal consent is not required).
- Beneficiary designation must be made by the new employee – not the city.
  - Please be sure the employee has received information about beneficiary designation through MyTMRS.
  - If employee must use a form, the form that should be used for both vested and non-vested members is the Beneficiary Designation before Retirement (TMRS-BENE).
How Much Goes into a Member’s Account?

- City Council adopts one of three levels: 5, 6, or 7%
- Payroll deduction based on all gross compensation
- Annual interest paid every December 31 on the January 1 balance
  - The TMRS Act guarantees a minimum annual 5% interest credit to member accounts
- Tax-deferred
- All employees in a city participate at the same level
Does the City Put Money Into Members’ Accounts?

No! Each city has its own TMRS account

- City money is paid from day one into city account
- Member only receives city matching money when retiring

(TMRS City Correspondent Certification Course)
When Can a Member Retire?

Depends on your city’s plan:

- Age 60 and vested (with 5 or 10 years of service)
- 20 or 25 years of service at any age

To view your city’s plan, go to My City Plan on the TMRS website.

My City Plan – allows you to search by city name; displays the plan options for each city
How Much Does the City Match?

- Three levels of match
  - 1 : 1
  - 1.5 : 1
  - 2 : 1
- City Council adopts level
- Applied toward total account balance at retirement
  - Paid out through the retirement annuity
What is Military Service Credit (Time Only)?

- Credit for a member’s active duty military service prior to city employment
- Military Service Credit (Time Only) may be established when these requirements are met:
  - City has adopted military service credit
  - Employee has 5 years of employment with TMRS
Are There Any Exclusions?

- Employee cannot be receiving or expect to be receiving a military pension (based on 20 years’ service)
- Military discharge must not be dishonorable
- Must not have received credit for the same service in another statewide retirement system
What Does it Cost?

Time only – there is no cost.

– HOWEVER –

Employees contributing to TMRS on 12-31-2003 may have the option to buy their military service at a cost of $15 per month – maximum of 60 months.
How Does Member Apply for Military Credit (Time Only)?

- Submit Military Service Credit (Time Only) or Restricted Prior Service form
- Submit a copy of DD214 (indicating discharge status that is not dishonorable) with the form

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Membership Mike • 5 Years Later

- Got married and became a father
- Completed his college degree
- Called back into Marines to serve one year active duty
- After serving active duty, returned to city employment
Members Should Review Beneficiary Designations When...

◆ Work status changes:
  ◆ Enrollment
  ◆ Vesting
  ◆ Retirement
  ◆ Occupational Disability

◆ Family status changes:
  ◆ Marriage
  ◆ Divorce
  ◆ Births, adoption, custody
  ◆ Deaths

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How Many Beneficiaries Can a Member Name?

- Members can name up to 3 primary beneficiaries and up to 3 alternate beneficiaries.
Members can name a beneficiary who is:
- A minor (custodian recommended)
- 18 versus 21
- An estate
- A trust

Members should contact TMRS for assistance when naming beneficiaries of these types.
What Happens When a Member is Vested?

- Vested = 5 years of service (some cities require 10 years)
- Earns member the right to a possible future retirement benefit
- At death, beneficiary is entitled to a monthly benefit based on member’s and city’s money

When a member becomes vested, TMRS will send him/her a letter to designate his/her beneficiary online or with the Beneficiary Designation Before Retirement (TMRS-BENE) form.
Vesting is a Good Time to Review the Beneficiary Designation

- If a vested member dies without a designation, benefits will be paid as follows:
  - To the spouse; or
  - To the children if there is no spouse; or
  - To the last designated beneficiary if there is no spouse and no children; or
  - To the estate.

Members may view their beneficiary designation on their TMRS Annual Statement or through MyTMRS® at any time.
What is USERRA?

- USERRA = Uniformed Services Employment and Reemployment Rights Act
- USERRA is a federal law
- Allows employees who have left employment to serve in the military to apply for credit as if they had never left

Credit for military service during a “break” in employment
How Does Member Qualify for USERRA?

- Must leave employment to serve in the military (either voluntary or involuntary service).

- Must return to work for the same city within 90 days of discharge.

- Must be discharged under conditions that are not dishonorable.

- Must complete application and submit with a copy of DD214 discharge papers.
How Does USERRA Help the Member?

- Member receives time credit immediately for total months served.
- Member can pay into TMRS the amount that would have been contributed.
  - Member has up to 3 times the length of active duty time after reemployment to pay the total amount due, not to exceed 5 years.
If Military Discharge Papers Have Been Lost…..

Request a copy by writing to the:
National Personnel Records Center
Military Service Personnel Records
1 Archives Drive
St. Louis, MO 63138
Attn: Reference Branch of Military
(i.e., Army Branch, Navy Branch, etc.)

OR: www.archives.gov/veterans/

Phone: 314-801-0800
Membership Mike – Another 5 Years into the Future

- Receives promotion to Deputy City Manager
- City plan is improved from a 5%, 2:1 to a 7%, 2:1 plan
- City adopts Updated Service Credit
What is Updated Service Credit (USC)?

- An *optional* provision that each city can adopt that *may* increase retirement benefits for its employees when:
  - Plan improvements occur
  - Significant salary increases occur
- Helps member account retain its value
- May be adopted on an ad hoc (one-time) basis effective January 1 of any calendar year
- May also be adopted on an annually repeating basis — city would not have to adopt an ordinance each year to reauthorize calculation of these benefits
Who is Eligible for USC?

- Only members with 48 months of service or more (as of study date)

- Service months used in calculation:
  - Current service credit
  - Prior service credit
  - USERRA
  - Buyback

- Service months NOT used:
  - Military
  - Restricted prior service
  - Service from another system

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How is USC Calculated?

- Study date
  - Calculated each January for contributing employees
  - Skips prior 12 months
- Member’s average salary
  - Based on 36 most recent deposits prior to study date (drops the highest and lowest)
- Months of credit (from start date to study date)
- 3% annual interest assumption
- City’s employee deposit rate and matching ratio as of the study date
What is USC Compared to?

- Member’s deposits and interest
- City’s matching funds

Total is compared to USC calculation

- If USC calculation is higher, a USC credit is awarded
- If USC calculation is lower, no USC credit is awarded
Why Wouldn’t Member Get USC?

◆ Normally:
  ◆ If member has had no significant salary increase
  ◆ If city matching rate or deposit rate has not changed

... Then there would be no USC credit

See Updated Service Credit flyer for more information
What is Transfer USC?

- Members with service in more than one city are eligible
- Member must be eligible for USC in current city
  - 48 months of service needed
- Current city’s deposit rate and matching are used in the calculation
- To adopt Transfer USC, City must also adopt regular USC
- Calculation is based on member’s TMRS career